

**COMBINED MEETING OF THE BOARD OF DIRECTORS  
MONTEREY DUNES COLONY ASSOCIATION  
AND  
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

**VIA TELECONFERENCE**  
December 12, 2016

**Present**

George Maciag, President  
Bill McGowan, Vice President, via telephone  
John Steinhart, Treasurer  
Todd Davis, Director  
Tom Bugary, Secretary and General Manager

**Absent**

None

**WELCOME**

George Maciag, Board president, called the meeting to order at 4:30 p.m. on December 12, 2016, via teleconference at the Monterey Dunes Colony clubhouse. George stated that the purpose of today's meeting was to review the process of modifying the CC&Rs, keeping in mind that the overall orientation is to consider the residential nature and enjoyment of the property as well as considering property values.

The Board has received a draft set of amendments from legal counsel, the request for which was approved in the July 16, 2016 Board of Directors Meetings (see minutes on MDCA Web Site). **These amendments deal with 1) a proposed cap on the total number of units that can be rented at any one time; 2) a restriction on owning multiple units and renting more than a single unit out at a time.**

In the discussion among the Board, as well as the five non-Board members on the call, the major issues raised, but unresolved, were:

- a) Grandfathering rights that exempt current MDCA owners from the cap are in the current draft amendment. Should this exemption extend to owners' children (including step-children) and possibly even a broader group of relatives and/or multiple future generations of current owners?
- b) Getting some expert advice on what a cap would do to property values.
- c) Consideration of the current CC&R 5.6.1 restriction on businesses and whether this can and should be enforced, and if so, this might obviate the need for an amendment that restricts the purchase of multiple units and their use as rental property.
- d) Offering grandfathering rights to the current owners of multiple units so that they are not affected by current or new restrictions on owning and/or renting multiple units.
- e) If current owners of multiple units are not grandfathered, offer transitional period to adapt to new restrictions.

Having established that these amendments raise complicated issues, the Board agreed that it should appoint an ad hoc committee made up of owners who rent as well as owners who do not rent to delve into these matters and make recommendations to the Board before presenting any amendments for a Colony-wide vote. George Maciag, Board President, will lead the effort to appoint this Committee.

Two attorneys on the call advised, and the Board unanimously agreed, that consideration of these proposed amendments is *material information* to any prospective purchaser of property at the Colony; accordingly, MDCA management should immediately advise all owners that proposed amendments (see wording in **bold** in third paragraph above for a short summary) should be disclosed to real estate brokers and prospective buyers.

FOR THE BOARD OF DIRECTORS,

*Thomas J Bugary*

Secretary